GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2272
ANSWERED ON:28.07.2017
Priority Sector Lending
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Will the Minister of FINANCE be pleased to state:

(a) whether public and private sector banks are not taking interest in providing priority sectors loan due to which there has been a shortage of funds in rural sectors;
(b) if so, the details thereof; and
(c) the details of loan provided to priority sector by banks during the last three years, State/UT and bank-wise?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) & (b): As per guidelines issued by Reserve Bank of India (RBI) on Priority Sector Lending(PSL), a target of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposure (CEOBE), whichever is higher, has been prescribed for all Scheduled Commercial Banks (excluding Regional Rural Banks).

The categories under Priority Sector are:-
i. Agriculture
ii. Micro, Small and Medium Enterprises
iii. Export Credit
iv. Education
v. Housing
vi. Social Infrastructure
vii. Renewable Energy
viii. Others.

As per extant RBI guidelines, there exist provisions to monitor the performance of banks against the stipulated targets/ sub-targets. To ensure continuous flow of credit to priority sector, the guidelines prescribe monitoring of priority sector returns figures on 'quarterly' basis. In case of banks having shortfall in lending to the designated priority sector categories/ sub-categories, the banks are advised to contribute to the Rural Infrastructure Development Fund (RIDF) and other refinance funds every year.

The interest rates on banks' contribution to RIDF or any other Funds, tenure of deposits, etc. is fixed by Reserve Bank of India from time to time.
Non-achievement of the priority sector targets/ sub-targets are taken into account by RBI while granting regulatory clearances/ approvals for various proposals of the banks.

(c) The information on Bank- Wise lending under Priority Sector for Public Sector Banks and Private Sector banks for year 2014, 2015 & 2016 is given in Annexure I and State- Wise lending under Priority Sector for Scheduled commercial Banks for the year 2014, 2015 & 2016 is given at Annexure II.
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